

**CHAPTER NO. 567****SENATE BILL NO. 2656****By Ramsey****Substituted for: House Bill No. 3198****By Vaughn, Godsey, Davis**

AN ACT to amend Tennessee Code Annotated, Section 49-2-203(a)(3), relative to board of education expenditures.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-2-203(a)(3)(A), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

All expenditures for such purposes may follow the prescribed procedures of the LEA's respective local governing body, so long as that body, through its charter, private act, or ordinance, has established a procurement procedure that provides for advertisement and competitive bidding, except that if a newspaper advertisement is required it may be waived in case of emergency. If the LEA chooses not to follow the local governing body's purchasing procedures, all expenditures for such purposes estimated to exceed five thousand dollars (\$5,000) or more shall be made on competitive bids, which shall be solicited by advertisement in a newspaper of general circulation in the county, except that the newspaper advertisement may be waived in the event of any emergency. School districts which have a purchasing division may use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, that the vendors on such list are given notice to bid; and provided further, that such purchasing division shall periodically advertise in a newspaper of general circulation in the county for vendors and shall update the list of vendors following such advertisement;

SECTION 2. Tennessee Code Annotated, Section 49-2-203(a)(3)(B), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than five thousand dollars (\$5,000) may be made in the open market without newspaper notice, but shall whenever possible be based upon at least three (3) competitive bids;

SECTION 3. Tennessee Code Annotated, Section 49-2-203(a)(3)(C)(i), is amended by deleting it in its entirety and replacing it with the following:


For construction of school buildings or additions to existing buildings, the LEA may follow prescribed procedures of its respective local governing body, so long as that body, through its charter, private act, or ordinance, has established a procurement procedure that provides for advertisement and competitive bidding. If the LEA chooses not to follow the local governing body's procedure, the board shall contract, following open bids, for the construction of school buildings or additions to existing buildings, the expenditure for which is in excess of ten thousand dollars (\$10,000). Public notice shall

be given at least ten (10) days in advance of accepting bids for such construction, and the board shall award the contract to the lowest and best bidder. Whether following local governing body procedures or those set forth here, in the event no bid is within the budgetary limits set by the board for such construction, the board may negotiate with the lowest and best bidder to bring the cost of the construction within the funds available, with the approval of the Commissioner of Education;

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

**PASSED: April 17, 2006**

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 1<sup>st</sup> day of May 2006**

  
PHIL BREDESEN, GOVERNOR